

HISCOCK & BARCLAY

ATTORNEYS AT LAW

RECORDATION NO.

FILED 1428

12663-A

FINANCIAL PLAZA
POST OFFICE BOX 4878
SYRACUSE, NEW YORK 13221-4878
(315) 422-2131

SUITE 1370
STATLER TOWERS
BUFFALO, NEW YORK 14202-2913
(716) 856-0911

SUITE 500
120 WASHINGTON STREET
WATERTOWN, NEW YORK 13601-3302
(315) 782-6810

SUITE 1100
ONE KEYCORP PLAZA
ALBANY, NEW YORK 12207-3411
(518) 434-2163 FAX (518) 434-2621

SUITE 875
111 NORTH ORANGE AVENUE
ORLANDO, FLORIDA 32801-2316
(407) 422-0152

SUITE 405
1420 SIXTEENTH STREET, N.W.
WASHINGTON, D.C. 20036-2218
(202) 745-0888

KEY BANK BUILDING
POST OFFICE BOX 2028
AUGUSTA, MAINE 04330-2028
(207) 623-4545

THE CANAL PLAZA
POST OFFICE BOX 130 DTS
PORTLAND, MAINE 04112-0130
(207) 871-7265

1000 SECOND AVENUE
37th FLOOR, POST OFFICE BOX 90
SEATTLE, WASHINGTON 98111-0090
(206) 684-6575

INTERSTATE COMMERCE COMMISSION

March 28, 1989

Interstate Commerce Commission
12th and Constitution Avenue, NW
Washington, DC 20423

Attention: Mildred Lee - 2303

CC Washington, D.C.

Re: Delaware and Hudson Railroad Corp.

Dear Ms. Lee:

Enclosed please find the Second Extension and Modification Agreement ("Agreement") by and between Claire W. Morse, with a mailing address at 240 Lee Street, Brookline, Massachusetts 02146 and Key Bank, N.A., 60 State Street, Albany, New York 12207, to be recorded in connection with the above-captioned matter. The Chattel Mortgage recorded with Interstate Commerce Commission is No. 12663.

Please put this Agreement on record and return a date and time stamped copy to me at your earliest possible convenience. If you have any questions, please do not hesitate to contact our office.

Thank you for your kind attention to this matter.

Very truly yours,

Susan L. Manganaro

Susan L. Manganaro
Legal Secretary

/slm
Enclosures

RECORDATION NO. 12663-A FILED 1425
MAR 23 1989 - 11 30 AM
INTERSTATE COMMERCE COMMISSION

SECOND EXTENSION AND MODIFICATION AGREEMENT

THIS SECOND EXTENSION AND MODIFICATION AGREEMENT (this "Agreement") is made as of this 28 day of January, 1989, between **CLAIRE W. MORSE**, a resident of the Commonwealth of Massachusetts with a mailing address, for the purposes hereof, at 240 Lee Street, Brookline, Massachusetts 02146 (the "Borrower") and **KEY BANK N.A.**, a national banking association with its principal office at 60 State Street, Albany, New York 12207 (the "Bank").

W I T N E S S E T H:

WHEREAS, the Borrower previously executed and delivered to the Bank a certain promissory note and security agreement dated December 23, 1980 (the "Prior Agreement"), which Prior Agreement evidences a loan by the Bank to the Borrower in the original principal amount of Thirty Two Thousand Nine Hundred Ninety-Three and 00/100 (\$32,993.00) (the "Loan"); and

WHEREAS, the Borrower granted a security interest to the Bank in certain collateral (the "Collateral"), to secure the payment of the Loan, which Collateral is more particularly described in the Prior Agreement;

WHEREAS, the obligation to pay the Loan matured on January 20, 1986 (the "Maturity Date"), which Maturity Date was subsequently extended to January 20, 1989 (the "Extended Maturity Date") by that certain extension and modification agreement (the "First Extension") between the Borrower and the Bank dated January 20, 1986; and

WHEREAS, the Borrower and the Bank have agreed to extend the Extended Maturity Date and otherwise modify the Prior Agreement, as amended by the First Extension, in accordance with the terms of this Agreement;

NOW, THEREFORE, in consideration of the foregoing recitals and for the other good and valuable consideration, the receipt and sufficiency of which is hereby acknowledged, the parties hereto agree as follows:

1. **DEFINITIONS**: For the purposes of this Agreement, the following words and terms shall have the respective meanings set forth as follows, and any capitalized word or term used but not defined herein retains its definition given in the Prior Agreement:

(a) "Event of Default" means any event or condition described in Section 9 of the Prior Agreement or Section 6 hereof.

(b) "Installment Payment Dates" means, collectively, the date and/or dates on which the quarterly installments of

principal and interest shall become and be due and payable by the Borrower to the Bank in accordance with the terms of this Agreement.

(c) "Interest Rate" means the rate of interest to be paid by the Borrower on any outstanding principal due under this Agreement and shall be equal to the Base Rate of Key Bank N.A. plus one (1%) percent per annum. "Base Rate", for the purposes hereof, shall mean that rate of interest as announced or published by the Bank from time to time and identified as the Bank's Base Rate. If the Base Rate is not published or becomes unascertainable for any reason, the Bank shall designate another reference interest rate which shall become the Base Rate hereunder. The Base Rate is not the lowest rate of interest which the Bank charges on loans and other credit facilities. The Bank reserves the right to lend out funds at interest rates lower than the Base Rate.

(d) "Interest Rate Ceiling" shall mean a per annum Interest Rate, computed on the basis of a 365 day year for the actual number of days elapsed, of sixteen (16%) percent.

(e) "Loan" means the loan evidenced by the Prior Agreement with a principal balance as of January 9, 1989 of \$16,994.79 (the "Remaining Principal Amount") to be repaid together with interest as herein set forth and in accordance with the terms of the Prior Agreement and this Agreement.

(f) "Prior Loan Documents" mean the Prior Agreement, the Management Agreement, the Security Assurance Agreement and all other documents, instruments or agreements executed in connection with the Prior Agreement.

(g) "Obligations" means, collectively, all indebtedness, obligations and liabilities existing on the date of this Agreement or arising from time to time thereafter, whether matured or unmatured, certain or contingent, liquidated or unliquidated, arising by contract, operation of law or otherwise, of the Borrower to the Bank (i) in respect to the Loan, or (ii) under or in respect of this Agreement or the Prior Agreement.

(h) "Security Assurance Agreement" means the Agreement dated the 23rd day of December, 1980 between the Manager, the Bank and the Borrower wherein the Manager has agreed to pay or to cause to be paid to the Bank all monies which will become or are due and payable to the Borrower by the Manager under the Management Agreement, and any replacements, amendments or substitutions thereto.

2. REPRESENTATIONS AND WARRANTIES: The Borrower hereby represents and warrants to the Bank the following:

(a) That the Prior Agreement and all Prior Loan Documents are in full force and effect and there exists neither any Event of Default thereunder nor any offset or defense thereto or condition which if continued would create an Event of Default thereunder or offset or defense thereto.

(b) That the financial statements and other financial information submitted by the Borrower to the Bank in connection with this Agreement fairly represent the financial condition of the Borrower as of the dates shown on said statements and that the property and assets of the Borrower are subject to no liens or encumbrances other than those set forth therein, and that there have been no adverse changes in the financial condition of the Borrower since the date of said statements.

(c) That the Borrower is the absolute and lawful owner of the Collateral and that no part of the Collateral is subject to any mortgage, assignment, lien, pledge, charge, security interest or other encumbrance of any kind whatever other than the security interests held by the Bank.

(d) That each of the Cars is in the possession of Manager as agent for the Borrower and the Borrower has good title to each of the Cars subject to no mortgages, security interests or other liens or encumbrances other than the security interests held by the Bank.

(e) That the Management Agreement and the Security Assurance Agreement are in full force and effect and the Manager continues to perform thereunder.

3. COVENANTS OF THE BORROWER: The Borrower hereby covenants and agrees with the Bank that until the Obligations have been paid in full, the Borrower:

(a) agrees to comply with all of the terms, covenants and conditions of the Prior Agreement;

(b) agrees to comply with all of the terms, covenants and conditions of this Agreement;

(c) confirms and repledges the grant of a continuing security interest in the Collateral which was granted pursuant to Section 5 of the Prior Agreement.

4. NOTE REPAYMENT: The Remaining Principal Balance together with interest thereon at the Interest Rate shall be paid as follows:

Commencing on the 20th day of January, 1989 and on the 20th day of each April, July, October and January thereafter until January 20, 1992, when the Remaining Principal Balance and all

accrued and unpaid interest thereon shall be fully due and payable, Borrower shall pay the sum of \$1,458.35, which sum shall be applied first to interest at the appropriate Interest Rate and the balance thereof, if any, shall be applied in reduction of the Remaining Principal Amount.

Interest shall accrue at the Interest Rate until the date of receipt of payment and shall be calculated on the basis of a 365 day year. The Interest Rate shall be recalculated on the first day of each and every calendar month during the term hereof and the recalculation shall be based upon the Prime Rate of Key Bank N.A. on the day the recalculation is made. Once recalculated, the Interest Rate shall remain constant until the first day of the next succeeding month.

At no time shall the Interest Rate exceed the Interest Rate Ceiling.

5. REAFFIRMATION OF PRIOR DOCUMENTS: Borrower hereby reaffirms all of the terms, covenants and conditions of the Prior Loan Documents, except for those terms, covenants and conditions which have been expressly modified herein. To the extent that there is any conflict between the terms of any Prior Loan Document and the terms of this Agreement, the terms of this Agreement shall apply.

6. EVENTS OF DEFAULT AND REMEDIES: In addition to the Events of Default set forth in Section 9 of the Prior Agreement and any events of default under any of the other Prior Loan Documents, it shall be an event of default hereunder and under the Prior Loan Documents if the Borrower fails to comply with any term, covenant or condition of this Agreement or any document executed in conjunction herewith or if any representation or warranty by Borrower made hereunder or under the Prior Loan Documents is not true and correct as of the date on which said representation or warranty is made.

7. MISCELLANEOUS:

(a) The Borrower agrees to from time to time and upon written request of the Bank, execute and deliver such other documents and do such further acts and things as the Bank may reasonably request in order to fully effectuate the purposes of this Agreement.

(b) The Borrower agrees to upon demand, reimburse the Bank for all reasonable out-of-pocket expenses, including counsel fees incurred in connection with this Agreement or in connection with the enforcement by the Bank of its rights hereunder.

(c) All warranties, representations and covenants made herein shall be considered to have been relied on by the Bank and

shall survive the delivery of this Agreement regardless of any investigation made by the Bank on its own behalf.

(d) This Agreement shall inure to the benefit of and be binding upon each of the parties hereto and their respective successors and assigns.

(e) No course of dealing between the Borrower and the Bank, or any delay or failure on the part of the Bank in exercising any rights hereunder or under any of the Prior Loan Documents, shall operate as a waiver of any right of the Bank except to the extent expressly waived in writing by the Bank.

(f) This Agreement may not be amended, changed, modified, altered or terminated except by written instrument executed and delivered by all of the parties hereto.

(g) Except as modified hereby, the Prior Agreement, as amended by the First Extension, remains in full force and effect for all purposes.

IN WITNESS WHEREOF, the parties hereto have duly executed this Agreement as of the day and year first above written.

BORROWER:

Claire W. Morse
CLAIRE W. MORSE

KEY BANK N.A.

By: Kenneth P. McGivney
Kenneth P. McGivney,
Assistant Vice President

MDA:MORSE_EXT_AND_MOD_AGMT

COMMONWEALTH OF MASSACHUSETTS)

County of Middlesex) ss.:

On this 28 day of ~~January~~^{February}, 1989, before me the subscriber personally appeared Claire W. Morse, to me known and known to me to be the same person described in and who executed the foregoing instrument, and she duly acknowledged to me that she executed the same.

Diane M. White

NOTARY PUBLIC

STATE OF NEW YORK)

My Commission Expires September 23, 1994

) ss.:

COUNTY OF ALBANY)

On this 15th day of ~~January~~^{March}, 1989, before me the subscriber personally appeared Kenneth P. McGivney, who being by me duly sworn, did depose and say; that he resides at Stuyvesant, New York, that he is an Assistant Vice President of Key Bank N.A., the corporation described in and which executed the foregoing instrument; and that he signed his name thereto by order of the Board of Directors of said corporation.

Robert H. Day, Jr.

NOTARY PUBLIC

ROBERT H. DAY, JR.
Notary Public, State of New York
Residing in Albany County
Commission Expires 7/30, 1990